

HOUSE BILL REPORT

E2SSB 5315

As Passed House:

June 29, 2015

Title: An act relating to aligning functions of the consolidated technology services agency, office of the chief information officer, office of financial management, and department of enterprise services.

Brief Description: Aligning functions of the consolidated technology services agency, office of the chief information officer, office of financial management, and department of enterprise services.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Roach, Liias, McCoy, Pearson and Benton; by request of Office of Financial Management).

Brief History:

Committee Activity:

Appropriations: 4/7/15.

Third Special Session

Floor Activity:

Passed House: 6/29/15, 87-11.

Brief Summary of Engrossed Second Substitute Bill

- Transfers all duties and functions relating to information technology in the Office of Financial Management, the Office of the Chief Information Officer, and the Department of Enterprise Services to the Consolidated Technology Services Agency.
- Specifies that the Director of the Consolidated Technology Services Agency is also the State Chief Information Officer.
- Transfers certain duties of the Office of Financial Management to the departments of Transportation and Enterprise Services.
- Requires the Office of Financial Management to establish and enforce policies and workplace strategies that promote the efficient use of state facilities.
- Establishes a work group to review and update the central services model; agency billing rates; and each agency's chart of accounts.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON APPROPRIATIONS

Staff: Marsha Reilly (786-7135).

Background:

Office of the Chief Information Officer.

The OCIO is headed by the Chief Information Officer. The primary duties of the OCIO include:

- preparing and leading the implementation of a strategic direction and enterprise architecture for information technology (IT) for state government;
- enabling the standardization and consolidation of IT infrastructure to support enterprise-based system development and to improve and maintain service delivery; establishing standards and policies for IT services throughout state government; and
- establishing statewide architecture to serve as the organizing standard for IT for state agencies.

Department of Enterprise Services.

The DES provides IT services and application functions, such as the central personnel payroll system and financial management system. The DES manages the Data Processing Revolving Account established to pay for equipment, supplies, services, salaries, wages, and other costs related to the implementation of information services and telecommunications systems. The DES also is authorized to become a licensed certification authority as part of the system for authenticating digital signatures under the requirements of the Electronic Authentication Act.

Consolidated Technology Services Agency.

The CTS provides information services to public agencies and public benefit nonprofit corporations. The CTS operates the state data center and offers IT services, including mainframe computing, network operations and telecommunication, shared email, IT security, and storage.

The Office of Financial Management.

In addition to its budget and accounting responsibilities, the Office of Financial Management (OFM) has other statutory duties, including:

- maintaining an inventory system of owned and leased facilities used by state government and submitting a plan every two years regarding the space requirements for state agencies;
- developing and maintaining a system of internal controls and internal audits for use by state agencies;
- establishing objectives and performance measures for the Department of Transportation (DOT) for policy goals relating to the planning, operation, performance of, and
- investment in, the state's transportation system;
- contracting for a salary survey for purposes of collective bargaining and arbitration for DOT ferry employees;
- completion of a yearly government management and accountability performance report of the ferry system;
- payment of assessments levied to state-owned lands under certain circumstances;

- establishing policies for the acquisition, operation, use, maintenance, and disposal of all motor vehicles owned by the state;
- developing and maintaining of an inventory of state land resources; and
- appointing loss prevention review teams and reporting of team findings.

Summary of Bill:

Transfer of IT Functions.

Functions and duties of the OCIO and the IT functions of the DES are transferred to the CTS. The Director of the CTS is also the state Chief Information Officer. The Director must appoint a state chief information security officer.

In addition to the other standards and policies it sets, the OCIO must adopt a policy for cybersecurity. The OCIO must require a state agency to obtain an independent compliance audit of its IT security program and controls once every three years to determine whether it is in compliance with the standards and policies established by the CTS and that security controls identified by the state agency are operating efficiently.

The specific requirements regarding what must be included in a state agency's IT portfolio are removed. State agencies and local governments that collect and enter information concerning individuals into electronic records and information systems must review the information collected and justify the purpose for collecting it at least once every five years.

The licensed certification authority for digital signatures is changed from the DES to the CTS.

A workgroup is created with DES, CTS, OCIO, the Legislative Evaluation and Accountability Program Committee, and legislative staff to review the central service model and chart of accounts of the agencies after the reorganization.

The Data Processing Revolving Account (DPR Account) managed by the DES is replaced with four IT revolving accounts and the residual balance of funds remaining in the DPR Account are apportioned to the new accounts:

- the CTS Revolving Account, for the acquisition of equipment, software, supplies, and services, and the payment of salaries, wages, and other costs related to those acquisitions;
- the statewide IT System Development Revolving Account, for the development and acquisition of enterprise IT systems;
- the statewide IT System Maintenance and Operations Revolving Account, for maintenance and operations of enterprise IT systems; and
- the shared IT System Revolving Account, for development, acquisition, and maintenance of shared IT systems.

The CTS Revolving Account is a mixed appropriated/nonappropriated account. Only those expenditures from the account related to the operation of the OCIO require an appropriation. The statewide IT System Development Revolving Account is an appropriated account managed by the OFM. The remaining two accounts are nonappropriated accounts that require signatory approval by the OFM for expenditures.

All powers, duties, and functions of the OCIO within the OFM and those pertaining to statewide IT services and applications within the DES are transferred to the CTS. The bargaining rights and representation of transferred employees within the DES remains the same until modified by the Public Employee Relations Commission.

The Office of Financial Management.

The OFM must establish and enforce policies and workplace strategies that promote the efficient use of state facilities. The facilities inventory must be updated by all agencies, departments, board, commissions, and institutions by June 30th of each year.

Each agency head or authorized designee in an agency that meets risk-based criteria as developed by OFM must establish and maintain internal audits that meet professional audit standards.

The OFM duties for establishing and reporting objectives and performance measures relating to the planning, operation, performance of and investment in the state's transportation system and completing the yearly government management and accountability performance report of the ferry system are transferred to the DOT.

The required salary survey for collective bargaining and arbitration purposes for DOT ferry employees is no longer required to be contracted out.

The requirement that a property assessment be paid by OFM instead of the state agency being charged the property assessment is removed so that the state agency pays the property assessment directly.

Duties associated with establishing policies for the acquisition, operation, use, maintenance, and disposal of all motor vehicles owned by the state; developing and maintaining of an inventory of state land resources; and appointing loss prevention review teams and reporting of team findings are transferred to the Department of Enterprise Services.

Obsolete references to community networks are repealed. References to the Human Resources Director are amended to refer to the Director of OFM.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 2015, except for those sections that make technical changes to update for 2015 Session Laws, sections 401 through 405, 411, and 412, which take effect July 24, 2015.

Staff Summary of Public Testimony:

Public testimony on 2SSB 5315 in House Appropriations Committee on April 7, 2015.

(In support) This bill will save money in staffing and administration, improve transparency, and increase the ability of the consolidated agencies to provide services to customers and the people of the state.

(In support with concerns) The DES supports the IT alignment components of the bill. However, the DES has concerns with sections added to the bill which transfer risk management and personnel services from DES to the OFM. The DES has delivered high levels of customer satisfaction for these services, and the transfers do not make good business sense. Housing these activities at DES allows for innovation, and a transfer would be disruptive. The transfer also erodes economies of scale, increasing costs.

(With concerns) The Washington Federation of State Employees is concerned that specific language protecting collective bargaining rights of transferred employees is not included in this bill. The House companion bill did include that language

(Information only) The fiscal note is drawn to current biennium expenditures. The CTS has been operating at a loss for the last several biennia, which is why a difference between revenues and expenditures is shown. Going forward with the bill, revenues and expenditures will be aligned. Further, savings will be realized through the administrative efficiencies created in combining the three agencies.

Persons Testifying:

Persons testifying on 2SSB 5315 in House Appropriations Committee on April 7, 2015.

(In support) John Lane, Office of Financial Management; and Michael Cockrill, Office of the Chief Information Officer.

(In support with concerns) Arlen Harris, Department of Enterprise Services.

(With concerns) Alia Griffing, Washington Federation of State Employees.

(Opposed) None.

(Information only) Jay Balasbas, Office of Financial Management.

Persons Signed In To Testify But Not Testifying: None.